



Connecticut Department of
**ENERGY &
ENVIRONMENTAL
PROTECTION**

**STATE OF CONNECTICUT
DEPARTMENT OF ENERGY AND ENVIRONMENTAL PROTECTION**

Public Hearing – March 19, 2013
Commerce Committee

Testimony Submitted by Commissioner Daniel C. Esty

Proposed House Bill No. 6650 –AN ACT CONCERNING ENERGY EFFICIENCY

Thank you for the opportunity to present testimony regarding Proposed House Bill No. 6650 – AAC Energy Efficiency. The Department of Energy and Environmental Protection (DEEP) offers the following testimony.

DEEP strongly supports the goal of HB 6650 which seek to ensure that oil heat customers are offered opportunities to improve the efficiency of their homes and businesses. As the committee knows, natural gas and electric customers help support efficiency programs through their electric and gas rates. These programs have provided customers with hundreds of millions of dollars in savings on their energy bills by providing services and incentives that improve the efficiency of their buildings. Since fuel oil is an unregulated commodity, there has been no consistent way to pay for similar programs for oil heat customers. This bill would phase in a charge that would become roughly equivalent to that now contributed by electric and gas companies in order to offer fuel blind programs that maximize energy savings for all fuels at the same time.

One of the major recommendation of the State's Comprehensive Energy Strategy is to ensure a funding source so as to provide oil – and propane – efficiency services on a par with those offered natural gas and electric customers. While the excise tax proposed in this bill would certainly do that, the committee may want to consider other options such as sanctioning a fuel oil dealers' fund comprised of monies collected by the dealers from themselves and applied to paying for oil and propane efficiency measures in comprehensive programs provided by the utilities in conjunction with the Energy Efficiency Board. In this instance the level of contributions would dictate the level of program offerings for oil or propane customers.

Over the years, fuel oil efficiency programs have been sporadically offered when funding sources could be identified. Significant ARRA funding was applied to supporting non-regulated fuels efficiency programs and more recently revenues from RGGI auctions have been used for that purpose. However the ARRA money is gone and available RGGI funds are not sufficient to provide the necessary

programming. When the last Conservation & Load Management Plan was developed, it estimated that about \$17 million in annual funding for oil programs would be needed to reach parity. While some cross-subsidization of program costs by electric customers may be an option, any voluntary assessment would need to collect many millions of dollars if the goal is to provide non-regulated fuel customers with the same kind of benefits now available to natural gas and electric customers.

The department would be pleased to continue work with the committee and representatives of the fuel oil industry to develop a funding mechanism and the administrative integration and oversight needed to support oil and propane efficiency programs.

Thank you for the opportunity to present testimony on this proposal. If you should require any additional information, please contact DEEP's legislative liaison Robert LaFrance at (860) 424-3401 or Robert.LaFrance@ct.gov.